

Report of the Board of Management to the Annual Stockholders' Meeting concerning item 9 of the agenda in accordance with Section 203 Para. 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG

In order to provide the Company with additional flexibility with regard to financing and strengthening its capital base, in addition to the unchanged amount of authorized capital, additional authorized capital in the amount of 16,640,534 EURO (authorized capital II) shall be created. The existing authorized capital and the proposed authorized capital II each amount to a share of 20% in the current capital stock.

When exercising the authorized capital II through a cash capital increase, Stockholders will in principle have a statutory subscription right. Such subscription right, however, may be excluded with the Supervisory Board's approval in the following cases:

The subscription right may be excluded for fractional amounts. This should facilitate the handling of an emission with a principle subscription right of Stockholders. Fractional amounts may result from the respective emission volume and from the fact that it is necessary to constitute a technically possible subscription right relationship. The value of such fractional amounts usually is low for the individual Stockholder. The potential dilution effect should also be disregarded due to the restriction to fractional amounts. On the other hand, the expenses for an emission without such exclusion are much higher for the Company, incurring additional costs. The new no-par value bearer shares excluded from the subscription right due to fractional amount will be utilized at the best interest of the Company. The exclusion of the subscription right thus serves the purpose of practicability and cost efficiency and simplifies the execution of an issue.

Furthermore, there should be an option with the Supervisory Board's approval to exclude the subscription right to the extent required to grant the holders of warrants and convertible bonds issued by the Company or by its direct or indirect affiliated companies a subscription right to new no-par value bearer shares to the extent they would be entitled to upon exercising the option or conversion right. To make it easier to place bonds on the capital market, the relevant issuing terms usually provide for protection against dilution. Dilution may be prevented e.g. by the holder of warrants or convertible bonds also having a subscription right to the new shares if new shares are issued where the Stockholders have a subscription right. They are thus placed in the same position as if they had already exercised their option or conversion right or met their conversion obligation. Since the protection against dilution in this case does not have to be guaranteed by reducing the option or conversion price, it is possible to realize a higher issue price for the no-par value bearer shares to be issued upon conversion or exercise of the option. This strengthens the Company's liquidity. However, this approach is possible only if the Stockholders' subscription right is excluded to that extent.

In addition, subscription rights may be excluded by the Board of Management with the approval of the Supervisory Board if the capital increase is made against contributions in kind, in particular in case of acquisition of companies, parts of companies, and equity interest in companies, or other assets, including rights and receivables, or as part of mergers. This will provide the Company with the option of making capital increases against contributions in kind as an adequate instrument to be able to flexibly and cash-efficiently utilize opportunities to acquire other companies, equity interest in companies, parts of companies, or other assets and mergers to improve its competitive position and to strengthen its earning power. Against the background of the ongoing global financial and economic crisis, financial flexibility is of considerable relevance, including the ability to utilize opportunities in a consolidating chemical industry to specifically strengthen one's Company and to exploit growth opportunities. Oftentimes due to time constraints it is not possible to involve the Annual Stockholders' Meeting. In today's corporate practice, new shares are a major acquisition currency. Oftentimes, the owners of attractive companies or other attractive acquisition assets demand consideration in the form of voting stock of the buyer instead of cash payment. In order for the Company to be able to acquire such companies or other acquisition assets as well, it must be able to offer consideration in the form of stock. In such a case, the Board of Management will ensure that the interests of the Stockholders are adequately protected when determining the valuation ratios. The Board of Management will also take into account the market price of the Company's shares. To prevent previously reached negotiation results from being challenged on the grounds of market price fluctuations, a systematic link to the market price is not envisaged. In addition, authorized capital II will provide the Board of Management with additional flexibility for capital increases against contributions in kind so as to strengthen the Company's capital base. The Board of Management will only exercise this authorization in individual cases if the exclusion of the subscription right is in the well-understood interest of the Company and its Stockholders.

The Stockholders' subscription right may also be excluded with the Supervisory Board's approval to the extent required to grant the holders and/or creditors of convertible bonds and/or warrant bonds, profit participation rights and/or income bonds (or any combination of such instruments) issued by the Company or by its direct or indirect affiliated companies new no-par value bearer shares if the conversion or option right is exercised or if the conversion obligation is met. The addition of borrowed capital through such financing instruments is in the Company's interest, since this form of financing is possible on particularly attractive terms. It is furthermore possible to convert the borrowed capital into equity at a later stage or at least report it in the balance sheet equivalent to equity and, hence, strengthen the Company's capital base. However, such financing can be realized only if it is possible to allocate a sufficient number of no-par value bearer shares of the Company to holders or creditors of the relevant instruments if the conversion right or option is exercised or the conversion obligation is met. This is possible only if the Stockholders' subscription right is excluded.

Lastly, the Stockholders' subscription right may also be excluded with the Supervisory Board's approval for a cash capital increase in accordance with Section 186 Para. 3

Sentence 4 AktG. This authorization enables the Company to cover any potential capital requirements on short notice. This option is of special significance as a precautionary measure. It also allows for the quick and flexible use of market opportunities. The exclusion of the subscription right allows for placement close to the market price without the reductions in case of rights issues which otherwise are usual on the stock markets due to the high volatility. This allows for further optimization of speedy capital procurement for the Company, in particular since experience has shown that the ability to act more quickly results in larger cash inflow. Any concerns about dilution are addressed by the stipulation that no-par value bearer shares may only be sold at a price that is not significantly lower than the prevailing market price. The Board of Management will endeavor to minimize any discount on the market price, giving due consideration to the current market conditions. In this context, the Stockholders are protected by the fact that the discount on the market price at the time of the utilization of the authorized capital must not be significant, i.e. never more than 5% of the current market price.

The capital increase in return for cash under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG may not exceed 10% of the respective existing capital stock, neither at the time this authorization becomes effective nor at the time when it is exercised. This upper limit for the simplified exclusion of the subscription rights shall be reduced to the pro-rated amount of the capital stock attributable to these shares issued or sold during the period of effectiveness of this authorization under exclusion of the subscription right in direct or analogous application of Section 186 Para. 3 Sentence 4 AktG. Furthermore, this limit shall be reduced by shares that have been or must be issued in order to satisfy option of conversion rights if the associated bonds were issued under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG. Associated bonds may be option or conversion bonds or profit participation rights or combinations of any of the above instruments. Option or conversion bonds as defined in the proposed authorization shall also be served if shares are issued to satisfy claims regarding the subscription of shares under conversion obligations or to avoid any claims for a reduction of the option or conversion price for the purpose of protection against dilution by issuing additional shares.

Due to the above-explained transfer of other capital measures excluding subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG, unlike already existing authorized capital, the proposed authorized capital II does not provide the Company with the opportunity to perform cash capital increases excluding subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG to a larger extent than previously. The described 10% limit will be maintained during the term of existing authorized capital. The option of cash capital increases excluding subscription rights under Section 186 Para. 3 Sentence 4 AktG will therefore only be prolonged by the proposed authorized capital II compared to existing authorized capital.

In each individual case that leads to an exclusion of the subscription right, the Board of Management shall carefully examine whether the exclusion of the Stockholders' subscription

right is in the best interest of the Company and thus also in the best interest of its Stockholders. As in the past, the Board of Management shall use this authorization responsibly.

In the event the aforementioned authorization is exercised, the Board of Management shall report thereon at the Annual Stockholders' Meeting.

Leverkusen, 18. März 2010

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